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NEW CHINESE MEDICINE HOLDINGS LIMITED

新 醫 藥 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085 / Warrant Code: 8359)

PROPOSED CHANGE OF AUDITORS

The Board announces that HLB have resigned as the auditors of the Group with effect from 31 March 2008. The Board proposes to appoint NCN CPA Limited as the auditors of the Group to fill the vacancy following the resignation of HLB subject to the approval by the Shareholders at the EGM.

The board (the “Board”) of directors (the “Directors”) of New Chinese Medicine Holdings Limited (the “Company”) announces that HLB Hodgson Impey Cheng (“HLB”) have resigned as the auditors (the “Resignation”) of the Company and its subsidiaries (together, the “Group”) with effect from 31 March 2008 since the Company and HLB could not reach an agreement on the audit fees for the financial year ended 31 March 2008. The Board has resolved to appoint NCN CPA Limited as auditors of the Group (the “Proposed Appointment”) to fill the vacancy following the resignation of HLB. Pursuant to the articles of association of the Company, the Proposed Appointment shall be approved by the shareholders (the “Shareholders”) of the Company at an extraordinary general meeting (the “EGM”).

The Board, the audit committee of the Board (the “Audit Committee”) and HLB confirm that there are no circumstances connected with the Resignation and the Proposed Appointment which the Board, the Audit Committee and HLB considered should be brought to the attention of the Shareholders and creditors of the Group. The Board also confirmed that HLB had not commenced any audit work of the Group for the year ended 31 March 2008.

After consideration by the Audit Committee, the Proposed Appointment was approved by the Board conditional upon the approval by the Shareholders at the EGM.

A circular containing, among other things, details of the Proposed Appointment together with the notice of EGM will be despatched to the Shareholders as soon as practicable.

By Order of the Board
New Chinese Medicine Holdings Limited
Law Kwok Chung
Executive Director

Hong Kong, 31 March 2008

As at the date of this announcement, the Board comprises (i) seven Executive Directors, namely Mr. Liu Jing, Mr. Chu Hon Pong, Mr. Li Heguo, Mr. An Jinping, Mr. Li Junhong, Ms. Tong Pui Chi Lucia and Mr. Law Kwok Chung; (ii) one Non-executive Director, namely Dr. Neil K. Gu; and (iii) three Independent Non-executive Directors, namely Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website <http://www.hkgem.com> for at least seven days from the date of its publication and on the website of the Company at <http://www.ncm.com.hk>.